

HB 13-1006: TO HELP ENSURE THAT CHILDREN IN COLORADO IN LOW-INCOME SCHOOLS HAVE ACCESS TO A NUTRITIOUS BREAKFAST

The goal of the Breakfast after the Bell Nutrition Program (BABN Program) and the requirement that all schools with 70% or higher free and reduced price kids participate is to: *serve the highest number of Colorado's low-income kids* while at the same time ensuring that School Nutrition Departments can completely *cover the costs of the program*.

In response to concerns raised by some school nutrition directors and school districts, HB 13-1006 was amended to allow for implementation of the bill in two phases:

- 2014-2015 School Year: All schools with a population of 80% or higher free and reduced priced students
- 2015-2016 School Year: All schools with a population of 70% or higher free and reduced price students

If the threshold was raised to only schools with 80% free and reduced priced (FRP) kids permanently:

- 145 schools in Colorado now covered under HB 1006 would not be required to offer a BABN Program
- An estimated 51,850 of the 82,682 kids covered under HB 1006 will lose access to the BABN Program

Universal Breakfast after the Bell (UBAB) has been successful in Colorado schools and districts with less than 70% FRP:

- Colorado Schools with less than 70% FRP are making UBAB work, including but not limited to schools in the following districts: Denver Public Schools, Burlington, Colorado Springs D11, Pueblo City, Archuleta County, Greely, Jefferson County, Brighton, Poudre, Thompson, West Grand 1-JT, Calhan RJ-1.
- In Boulder, all schools with 50% or higher FRP have financially sound UBAB programs.
- Adams 14 has an extremely successful district-wide UBAB program, with 86.73% of students district-wide participating in the program. Adams 14 covers any and all costs of the program and generates revenue for their nutrition program, all of which must by federal law be reinvested in School Food and Nutrition Services.

Districts in Colorado have Developed Cost-Effective UBAB Programs:

In consultation with both a large and medium-size school district in Colorado who have successful and efficient UBAB programs, the following breakfast food, supply and labor costs were developed to provide examples of breakfast plate costs of \$1.35 or less. Both districts consulted implement the new federal Healthy, Hunger Free Kids Act Breakfast Program Guidelines including whole grains, low-fat milk, a protein option and 1 cup of fruit. While each meal will have a different plate cost, one of the districts averages \$1.25 while the other district averages \$1.32 per school breakfast served.

Sample Breakfast Meals from Colorado Districts that Meet the New Federal School Meal Requirements:

Sample A			Sample B		
Milk	\$	0.22	Milk	\$	0.22
Whole piece of fruit	\$	0.30	Whole piece of fruit	\$	0.30
Breakfast Sandwich	\$	0.27	Breakfast burrito	\$	0.50
Whole-Grain Muffin	\$	0.08	Labor	\$	0.33
Labor	\$	0.33	Total	\$	1.35
Total	\$	1.20			

70% Threshold is Financially Feasible for All Impacted School Districts:

Based on comprehensive data from the Colorado Department of Education (CDE) coupled with “breakfast plate cost” figures, which include labor, food and administrative overhead costs, every school impacted by HB 1006 would not only cover the costs of the BABN Program but should bring in annual net revenue over and above the costs associated with the program. Data and assumptions used to confirm the feasibility of the 70% threshold include:

- **CDE Data:** April 2012 data from the CDE was utilized for each impacted school, including the average number of school days breakfast is served, total school enrollment, breakfast participation rates, and students qualifying for free, reduced and paid breakfasts.
- **Breakfast Plate Cost:** In first-level analysis a breakfast plate cost of \$1.25 was used (calculations have also been made using much higher costs as summarized below). The national School Nutrition Association collects information in the School Nutrition Operations Survey on average school meal prices or “plate costs,” which are inclusive of food, labor and administrative costs associated with the meals. **The most recent average breakfast plate cost for the Western Region of the United States, which includes Colorado, is \$1.25.**
- **Reimbursement Rates Utilized:** Calculations used 2012-13 federal reimbursement rates, including the rate for free and reduced-price (Colorado Smart Start Co-Pay included) meals of \$1.85 and paid reimbursement rate of \$0.27.
- **Participation Rates:** Original calculations assumed that 85% of free, reduced and paid students will participate in the program.
- **Absenteeism rate:** An absenteeism rate of 4% was assumed.

Based on these calculations, every impacted school district in Colorado containing schools with 70% or higher free and reduced priced kids should realize a profit after paying all BABN Program expenses.

Stakeholder Input:

Prior to deciding on the assumptions set forth above, coalition members supporting the passage of HB 1006, reached out to CDE and nutrition directors in Colorado, as well as experts working on universal breakfast after the bell nationally and in Colorado. Every stakeholder and expert consulted confirmed that:

- Data utilized was trustworthy and valid
- Assumptions incorporated were correct and reasonable
- Conclusion that 70% FRP was a financially feasible threshold was correct

An Independent Assessment and Opinion by School Meal Program and Systems Consultant:

Kate Adamick is a lawyer, professional chef, school food systems consultant and co-founder of Cook for America. She specializes in conducting school meal program assessments, developing site-based programming, identifying system efficiencies, integrating operational changes and utilizing public-private partnerships to create healthful and financially feasible school meal programs. Ms. Adamick has performed assessments and assisted numerous Colorado school districts to implement successful UBAB programs and other school meal programs.

Ms. Adamick’s Opinion on Financial Feasibility of HB 1006 in Colorado:

- **70% FRP is More than Financially Feasible:** Ms. Adamick was given all of the CDE data and calculations summarized above and in addition performed her own independent analysis of the financial feasibility of HB 1006 and reached the strong conclusion that UBAB ***can be successfully implemented not only in all schools in Colorado with 70% or higher FRP, but in schools with even lower FRP.***

- **Plate Cost Assumptions are More than Reasonable:** The breakfast plate cost of \$1.25 incorporated into first-level calculations is “reasonable” and even “high.” Based on her first-hand experience in working with numerous school districts in Colorado and nationally, breakfast food costs should run between 60 and 80 cents per meal. Including labor and administrative costs, ***a total plate cost of \$1.25 is reasonable even under the new federal Healthy Hunger Free Kids Act guidelines for breakfast.***
- Ms. Adamick agreed that all impacted Colorado school districts should realize a profit under HB 1006.

Ms. Adamick also performed an independent assessment to determine that schools could, if they chose, spend ***much more than \$ 1.25 on breakfast associated food and labor and still cover the costs*** associated with the BABN Program. Ms. Adamick’s conclusion that all Colorado school districts could spend \$1.37 per meal - Twelve Cents above the average plate cost for Western Region – and still cover costs of the program. Many school districts in Colorado could choose to spend significantly more, and still cover the costs of BABN programs.

Even Considering Data and information provided by the Colorado School Nutrition Association (CSNA) School Districts Impacted by HB 1006 Should Realize a District Wide Profit and Cover All the Costs of BABN Programs:

- Data provided by the CSNA in opposition to HB 1006’s ultimate threshold of schools with 70% or higher free and reduced price students , includes a wide range of total breakfast plate costs (including labor, food and supplies) from \$1.01 per breakfast to \$2.22 per breakfast. HB 1006 reasonably assumes that all Colorado schools should be able to achieve a total breakfast plate cost in line with the regional average of \$1.25 or, allowing for some divergence from the average, up to \$1.35 for all impacted districts or significantly higher for many.
- Some have argued that if there are isolated schools within an impacted district that do not break even or realize a profit, the district will operate in the red overall and the 70% threshold is not financially feasible. This is not the case because profits realized at schools with higher FRP populations cover any losses that occur in isolated schools within a district.
- School Nutrition District-Wide Enterprise Funds: Each School district is required to have a separate school food service fund or Enterprise Fund, in which all food service revenues and expenditures are tracked and kept separate from other segments of the school district’s budget. These Enterprise Funds are district-wide and, therefore, in the event that a school with 70% FRP operates a BABN Program at a loss, the loss can be covered by the profit made by BABN Programs at other schools with higher FRP populations.
- Federal and state per meal reimbursements are not intended to cover ALL costs associated with operating school nutrition programs. Arguably, the main purpose of federal and state per breakfast reimbursements is to cover direct costs associated with feeding kids breakfast and some “administrative costs,” such as school nutrition staff workshops, travel to conferences and memberships should be covered, if need be, by other revenue streams. Revenues to cover the costs of school food services are not limited to federal and state per meal reimbursements and include, but are not limited to, revenue from: (1) snack bar and a la carte programs; (2) earnings on investments; (3) other local revenues; (4) operations of the lunch and breakfast programs; and (5) federal reimbursement received or accruing to the school food service. See Office of School Nutrition Administrator’s Reference Manual.
- In addition, under State Board Rules, “food service funds shall not be used to pay the salaries or wages for dining room supervision” and “[A]ny surplus accruing from the program shall be used to reduce the price of meals to the children, to improve the quality of meals, to provide basic supplies, to replace equipment, and to make repairs to equipment. All other expenses are the responsibility of the district from other district funding sources.” State Board Rules 1 CCR 206.

Start-up Grants and Implementation Support is Available:

Many schools and districts across Colorado have utilized their excess federal reimbursements to pay for any costs associated with starting a UBAB program, however, "Start-Up Grants" are available to help schools cover the costs associated with getting a BABN Program started. Such grants are available through the No Kid Hungry Colorado Campaign and Hunger Free Colorado(Start-Up Costs), The Colorado Health Foundation (a limited number of grants are available via application and approval to purchase equipment and other kitchen related costs to implement breakfast programs), Action for Healthy Kids, Western Dairy Association and others. This past year available Start-Up Grants available through Hunger Free Colorado were not utilized.

CDE, LiveWell Colorado, Hunger Free Colorado, the No Kid Hungry Campaign and others will be offering technical assistance to schools and districts impacted by HB 1006 to assist them in developing and implementing successful BABN programs.